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March 6, 1981

Mr. William K. Dinehart, Director
Department of Natural Resources
Division of State Lands
231 East 400 South
Salt Lake City, Utah 84111

RE: ML #33315
DOGM Recommendation to
Division of State Lands;
Sum Company, Inc.,
Oljeto (Chum) Mine
ACT/037/029
San Juan County, Utah

Dear Mr. Dinehart:

This letter is submitted in response to a verbal commitment made between the Utah Division of State Lands and the Division of Oil, Gas and Mining at a meeting with Sum Company representatives on February 26, 1981. At this meeting, DOGM agreed to review the information submitted by Sum Company, Inc., in compliance with the stipulations as set forth in a State Land Board Mining Memorandum, established on January 20, 1978 (covering mining operations on State Lands under two acres), and to submit recommendations based upon said review.

In response to the application review, it is this Division's opinion that the following memorandum stipulations have been inadequately addressed within the context of the documents submitted by Sum Company, Incorporated for State approval:

Section A.

- Item 4: A diagram of subsurface development to occur including the location and size of shafts, tunnels, etc.

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DOGM Response: The applicant has not provided an actual subsurface map delineating the extent of underground development to occur. This extent of underground delineation is not normally required by DOGM in an initial application. This diagram should be requested of the applicant, if deemed crucial to the review and approval by the Division of State Lands.

Item 6: The source, amount, use and disposal of water to be used in the proposed operation.

DOGM Response: Further clarification as to the actual amounts and uses of the water utilized in the mining operation has been discussed with and requested of the applicant since this specific information has not been provided.

Item 8: The means and routes of transport of mined materials to market.

DOGM Response: This item was not adequately addressed. A description should include a more detailed delineation of type of haulage, and the State and Indian routes utilized to transport mined materials to the processing plant or ore buying station. The Division has requested that this additional information be provided.

Item 9: Any right-of-way to be acquired whether through private, state or federal lands.

DOGM Response: A general description of the right-of-way agreement was provided but not actual evidence (a copy) of the formal document acquired from the Navaho Nation permitting right-of-way travel across their lands. The applicant has agreed to provide such documentation.

Section B.

Item 4: A diagram of subsurface geology, especially as it relates to the proposed development.

DOGM Response: It is the Division staff's opinion that the verbal description of the local geology provided in the application is adequate to cover the requirements of this item although an actual diagram has not been provided.

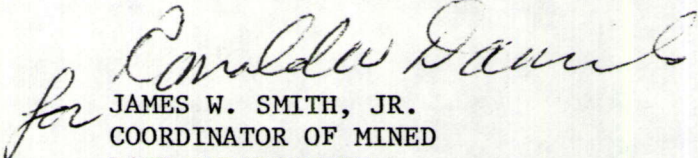
Items 6 and 7: The method of solid waste disposal and the detailed reclamation plans of the mined land.

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DOGM Response: The Division feels that further clarification is needed to delineate the interim and final disposal of, as well as reclamation of, the solid mine waste rock materials. This should include a written commitment to the prompt removal and proper disposal of the waste rock which has been improperly placed within the wash adjacent to (SE) of the mine pad development area. The applicant has committed to submitting this information.

The Division recommends that upon receipt of the information addressing the inadequacies listed above, and upon final approval from State Health concerning an acceptable solution to the mine water discharge problem, that the Division of State Lands grant approval to Sum Company, Incorporated to continue mining on State mineral lease #33315 in accordance with all applicable State and federal mining rules and regulations.

Sincerely,

for 
JAMES W. SMITH, JR.
COORDINATOR OF MINED
LAND DEVELOPMENT

cc: Anne Stirba, State Lands Attorney
John Blake, State Lands
Steve McNeal, State Health
A. J. Coffman, Sum Company Attorney
William Head, Plateau Resources
Phyllis Cortes, Sum Company

JWS/DWH/btm